

## HOUSE BILL NO. 539

INTRODUCED BY B. GLASER

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE BASIC ENTITLEMENT FOR SCHOOL FUNDING; ESTABLISHING A CLASSROOM PAYMENT; DEFINING A SCHOOL UNIT; AMENDING SECTIONS 20-7-102 AND 20-9-306, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION. Section 1. Calculation of classroom payment.** (1) The number of classrooms for

each school district is calculated based on the maximum number of students that may be in each classroom according to the accreditation standards and is adjusted as provided in subsection (3). The student-teacher ratio for a classroom is based on the size category for an elementary school district or a high school district as described in subsection (2).

(2) (a) The size of an elementary school district is the larger of the current year ANB or the 3-year average ANB calculated as provided in 20-9-311. The size categories are as follows:

(i) "E6" means an elementary school district or a K-12 elementary program with less than 41 ANB;

(ii) "E5" means an elementary school district or a K-12 elementary program with at least 41 ANB but not more than 150 ANB;

(iii) "E4" means an elementary school district or a K-12 elementary program with at least 151 ANB but not more than 400 ANB;

(iv) "E3" means an elementary school district or a K-12 elementary program with at least 401 ANB but not more than 850 ANB;

(v) "E2" means an elementary school district or a K-12 elementary program with at least 851 ANB but not more than 2,500 ANB; and

(vi) "E1" means an elementary school district or a K-12 elementary program with more than 2,500 ANB.

(b) The size of a high school district or a K-12 high school program is the larger of the current year ANB or the 3-year average ANB calculated as provided in 20-9-311. The size categories are as follows:

(i) "H5" means a high school district or a K-12 high school program with less than 75 ANB;

(ii) "H4" means a high school district or a K-12 high school program with at least 75 ANB but not more

1 than 200 ANB;

2 (iii) "H3" means a high school district or a K-12 high school program with at least 201 ANB but not more  
3 than 400 ANB;

4 (iv) "H2" means a high school district or a K-12 high school program with at least 401 ANB but not more  
5 than 1,250 ANB; and

6 (v) "H1" means a high school district or a K-12 high school program with more than 1,250 ANB.

7 (3) The student-teacher ratios are based on the size categories in subsection (2) and are funded as  
8 follows:

9 (a) E6, 8.6 budgeted ANB per teacher;

10 (b) E5, 13.5 budgeted ANB per teacher;

11 (c) E4, 15.4 budgeted ANB per teacher;

12 (d) E3, 16.6 budgeted ANB per teacher;

13 (e) E2, 17.9 budgeted ANB per teacher;

14 (f) E1, 19.0 budgeted ANB per teacher;

15 (g) H5, 8.5 budgeted ANB per teacher;

16 (h) H4, 14.4 budgeted ANB per teacher;

17 (i) H3, 16.6 budgeted ANB per teacher;

18 (j) H2, 17.0 budgeted ANB per teacher; and

19 (k) H1, 19.0 budgeted ANB per teacher.

20 (4) The classroom payment is \$500 per classroom. The state shall pay 80% of the classroom payment.

21  
22 **NEW SECTION. Section 2. School unit -- budgeted ANB per district.** (1) Subject to subsection (2),

23 "school unit" means the following budgeted ANB per district:

24 (a) 800 budgeted ANB for a high school district;

25 (b) 250 budgeted ANB for the K-6 ANB of an elementary district without an approved junior high school,  
26 7th and 8th grade program, or middle school;

27 (c) 250 budgeted ANB for the K-6 ANB of an elementary district with an approved junior high school, 7th  
28 and 8th grade program, or middle school; and

29 (d) 450 budgeted ANB for the 7th and 8th grade ANB of an elementary district with an approved junior  
30 high school, 7th and 8th grade program, or middle school.

(2) Each school district must receive a payment for at least one school unit. A district with budgeted ANB greater than the applicable number described in subsection (1) must receive an additional unit calculated by dividing the budgeted ANB by the appropriate number in subsection (1) and rounding that number up to the nearest tenth.

**Section 3.** Section 20-7-102, MCA, is amended to read:

**"20-7-102. Accreditation of schools.** (1) The conditions under which each elementary school, each middle school, each junior high school, 7th and 8th grades funded at high school rates, and each high school operates must be reviewed by the superintendent of public instruction to determine compliance with the standards of accreditation. The accreditation status of each school must then be established by the board of public education upon the recommendation of the superintendent of public instruction. Notification of the accreditation status for the applicable school year or years must be given to each district by the superintendent of public instruction.

(2) A school may be accredited for a period consisting of 1, 2, 3, 4, or 5 school years, except that multiyear accreditation may be granted only to schools that are in compliance with 20-4-101.

(3) A nonpublic school may, through its governing body, request that the board of public education accredit the school. Nonpublic schools may be accredited in the same manner as provided in subsection (1).

(4) As used in this section, "7th and 8th grades funded at high school rates" means an elementary school district or K-12 district elementary program whose 7th and 8th grades are funded as provided in 20-9-306(14)(c)(ii)(16)(c)(ii)."

**Section 4.** Section 20-9-306, MCA, is amended to read:

**"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "BASE" means base amount for school equity.

(2) "BASE aid" means:

(a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district;

(b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the

- 1 special education allowable cost payment;
- 2 (c) the total quality educator payment;
- 3 (d) the total at-risk student payment;
- 4 (e) the total Indian education for all payment; ~~and~~
- 5 (f) the total American Indian achievement gap payment; and
- 6 (g) 80% of the classroom payment.

7 (3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic  
 8 entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, 100% of the total  
 9 at-risk student payment, 100% of the total Indian education for all payment, 100% of the total American Indian  
 10 achievement gap payment, ~~and~~ 140% of the special education allowable cost payment, and 80% of the classroom  
 11 payment.

12 (4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may  
 13 be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through  
 14 20-9-369.

15 (5) "BASE funding program" means the state program for the equitable distribution of the state's share  
 16 of the cost of Montana's basic system of public elementary schools and high schools, through county equalization  
 17 aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the  
 18 BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

19 (6) "Basic entitlement" means:

20 (a) for each school unit in a high school district:

21 (i) ~~\$236,552~~ \$251,494 for fiscal year ~~2008~~ 2010; ~~and~~

22 (ii) \$261,604 for fiscal year 2011; and

23 ~~(ii)(iii)~~ (iii) \$243,649 for each succeeding fiscal year;

24 (b) for each school unit in an elementary school district or K-12 district elementary program without an  
 25 approved and accredited junior high school, 7th and 8th grade program, or middle school:

26 (i) ~~\$21,290~~ \$22,628 for fiscal year ~~2008~~ 2010;

27 (ii) \$23,538 for fiscal year 2011; and

28 ~~(ii)(iii)~~ (iii) \$21,922 for each succeeding fiscal year; and

29 (c) for each school unit in an elementary school district or K-12 district elementary program with an  
 30 approved and accredited junior high school, 7th and 8th grade program, or middle school:

(i) for each school unit of a kindergarten through grade 6 elementary program:

(A) ~~\$21,290~~ \$22,628 for fiscal year ~~2008~~ 2010; and

(B) \$23,538 for fiscal year 2011; and

~~(B)~~(C) \$21,922 for each succeeding fiscal year; plus

(ii) for each school unit of an approved and accredited junior high school program, 7th and 8th grade program, or middle school:

(A) ~~\$60,275~~ \$64,082 for fiscal year ~~2008~~ 2010; and

(B) \$66,658 for fiscal year 2011; and

~~(B)~~(C) \$62,083 for each succeeding fiscal year.

(7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to 20-9-311.

(8) "Classroom payment" means the payment determined pursuant to [section 1].

~~(8)~~(9) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district and funded with state and county equalization aid.

~~(9)~~(10) "Maximum general fund budget" means a district's general fund budget amount calculated from the basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator payment, the total at-risk student payment, the total Indian education for all payment, the total American Indian achievement gap payment, the classroom payment, and the greater of:

(a) 175% of special education allowable cost payments; or

(b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a maximum allowable ratio of 200%.

~~(10)~~(11) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and below the maximum general fund budget for a district.

(12) "School unit" means the number determined pursuant to [section 2].

~~(11)~~(13) "Total American Indian achievement gap payment" means the payment resulting from multiplying \$200 times the number of American Indian students enrolled in the district as provided in 20-9-330.

~~(12)~~(14) "Total at-risk student payment" means the payment resulting from the distribution of any funds appropriated for the purposes of 20-9-328.

~~(13)~~(15) "Total Indian education for all payment" means the payment resulting from multiplying \$20.40

times the ANB of the district or \$100 for each district, whichever is greater, as provided for in 20-9-329.

~~(14)~~(16) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

(a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$5,864~~ \$6,231 for fiscal year ~~2008~~ 2010, \$6,481 for fiscal year 2011, and \$6,037 for each succeeding fiscal year for the first ANB, decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of ~~\$4,579~~ \$4,868 for fiscal year ~~2008~~ 2010, \$5,064 for fiscal year 2011, and \$4,716 for each succeeding fiscal year for the first ANB, decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school, 7th and 8th grade program, or middle school, the sum of:

(i) a maximum rate of ~~\$4,579~~ \$4,868 for fiscal year ~~2008~~ 2010, \$5,064 for fiscal year 2011, and \$4,716 for each succeeding fiscal year for the first ANB for kindergarten through grade 6, decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of ~~\$5,864~~ \$6,231 for fiscal year ~~2008~~ 2010, \$6,481 for fiscal year 2011, and \$6,037 for each succeeding fiscal year for the first ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB.

~~(15)~~(17) "Total quality educator payment" means the payment resulting from multiplying ~~\$3,036~~ for fiscal year ~~2008~~ and \$3,042 for each succeeding fiscal year times the number of full-time equivalent educators as provided in 20-9-327."

**NEW SECTION. Section 5. Codification instruction.** [Sections 1 and 2] are intended to be codified as an integral part of Title 20, chapter 9, part 3, and the provisions of Title 20, chapter 9, part 3, apply to [sections 1 and 2].

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